

UNITED STATES OF AMERICA
POSTAL REGULATORY COMMISSION
WASHINGTON, DC 20268-0001

Transfer of Bound Printed Matter
Parcels to the Competitive Product List

Docket No. MC2021-78

CHAIRMAN'S INFORMATION REQUEST NO. 2

(Issued April 15, 2021)

To clarify the Postal Service's request to transfer Bound Printed Matter Parcels (BPM Parcels) to the competitive product list, filed March 26, 2021,¹ the Postal Service is requested to provide written responses to the following questions. The responses should be provided as soon as they are developed, but no later than April 22, 2021.

The questions are derived from a motion filed by the Association for Postal Commerce (PostCom), which asserts that the questions seek "information that will allow participants to provide more constructive comments and evaluate whether the requested transfer meets the applicable legal and regulatory requirements."² PostCom specifically "seeks to understand whether the Postal Service has been able to raise prices on [previously] transferred products by degrees that suggest inordinate market power." Motion at 2. The proposed Questions 1 and 2 have been consolidated. The subsequent renumbered questions are asked verbatim other than a revision to the product abbreviations for consistency, a correction of quoted material to match the source, and minor typographical edits.

¹ United States Postal Service Request to Transfer Bound Printed Matter Parcels to the Competitive Product List, March 26, 2021 (Request).

² Motion of the Association for Postal Commerce for Issuance of Information Request, April 12, 2021, at 1 (Motion).

1. Please provide, for each of the four parcel products the Postal Service has transferred from the Market Dominant to the Competitive Product list, described on Page 1 of the Request, the following information:
 - a. Quarterly revenue per piece by weight increment
 - b. Any analysis of change in USPS market share according to the market definition used to support the transfer request
 - c. The price of the product at the time of the transfer
 - d. Percentage changes in the price of the product, by year, from the time of the transfer to the present
 - e. The volume of the product entered in the last full fiscal year prior to the transfer request
 - f. Annual volumes of each product, by fiscal year, from the time of the transfer request to the present
2. Please provide any analysis of the own-price elasticity of BPM Parcels (or any subcategory of BPM Parcels) used to inform the instant request.
3. Please refer to pages 10-11 of the Request and the statement that “close to two-thirds of the Postal Service’s BPM Parcel volume is at risk for immediate diversion should BPM Parcels see either a significant rate increase or significant degradation in service.”
 - a. Please quantify the term “significant” as used in the phrase “significant rate increase.”
 - i. The Department of Justice’s Horizontal Merger guidelines assess market reactions to a “small but significant” increase in price (SSNIP) and “most often use a SSNIP of five percent of the price paid by customers for the products or services” at issue. U.S. Dep’t of Justice and the Federal Trade Commission, Horizontal Merger

Guidelines at 4.12 (August 19, 2010) (“2010 Merger Guidelines”), available at <https://www.justice.gov/atr/horizontal-merger-guidelines-4-08192010#4c>. Is the “significant rate increase” referenced at page 11 of the Request greater or less than a five percent increase in the BPM Parcels rate?

- b. Please provide any quantitative analysis the Postal Service has prepared predicting changes in BPM Parcels volumes in response to a “significant rate increase.”
- 4. Please refer to page 14 of the Request and the statement, “the market power analysis shows that the Postal Service does not exercise monopoly power over BPM Parcels.”
 - a. Has the Postal Service performed any quantitative analyses of whether it would lose BPM Parcels volume to competitors if it raised prices on this product? If so, please provide all such analyses.
 - b. Has the Postal Service performed any analyses comparable to the “Small but Significant Price Increase” or “Hypothetical Monopolist” test described in section 4 of the 2010 Merger Guidelines with respect to BPM Parcels? If so, please provide all such analyses.

By the Chairman.

Michael Kubayanda